

## Single Family Affordable Housing Restrictive Covenants

### City of Charleston

1. Covenant and Purpose. The Property shall be conveyed subject to the conditions, covenants, restrictions and limitations set forth below (collectively, the Restrictive Covenants). The Restrictive Covenants shall be considered as covenants running with the land, and shall be binding on the Developer, its heirs, successors and assigns, together with all successors in title to the Property (the Developer, its heirs, successors and assigns, together with all successors in title to the Property, being collectively referred to herein as the Owner). Each Owner covenants and agrees, in the event the Property is sold, conveyed or otherwise disposed of, the Property shall be sold subject to these Restrictive Covenants and that the recording information for this deed shall be inserted in the deed of conveyance or other instrument disposing of the Property.
2. Definitions. As used in these covenants, conditions, and restrictions the following terms shall have the meaning set forth:
  - 2.1. "Area Median Income" shall mean and have reference to the median family income, based upon applicable family size of a Qualified Purchaser (or of a Qualified Renter, if applicable), for the Charleston-North Charleston metropolitan statistical area as published by the United States Department of Housing and Urban Development. If the United States Department of Housing and Urban Development should no longer compile and publish such statistical information, the most similar information compiled and published by said Department or any other branch or department of the federal government or by the State of South Carolina shall be used for the purpose of determining Area Median Income.
  - 2.2. "Base AMI" shall mean the Area Median Income for a family of four persons as of the date of the deed from the Developer to the first Qualified Purchaser of the Property. The Base AMI for this deed is \$\_\_\_\_\_.
  - 2.3. "Consumer Price Index" shall mean and have reference to the Consumer Price Index for All Urban Consumers (CPI-U) for the South urban area, All Items, (Base Period: 1982-84 = 100), as published by the United States Department of Labor. If the United States Department of Labor should no longer compile and publish such statistical information, the most similar information compiled and published by said Department or any other branch or department of the federal government or by the State of South Carolina shall be used for the purpose of determining the Consumer Price Index.
  - 2.4. "Base CPI" shall mean the most recent published Consumer Price Index **[preceding] [as of]** the date of the deed from the Developer to the first Qualified Purchaser of the Property. The Base CPI for this deed is \_\_\_\_\_.

- 2.5. "AMI Increase" shall mean the Area Median Income for a family of four persons at the date of calculation divided by the Base AMI. By way of example only and solely for purposes of illustration, if the Developer conveyed the Property in July, 2002 to the first Qualified Purchaser and the Area Median Income for a family of four persons was \$49,200 in July, 2002 ( the "Base AMI" for purposes of this illustration only) and if the Area Median Income for a family of four persons was \$55,900 in September, 2005 when an Owner proposed to sell the Property, the AMI Increase would be \$55,900 divided by \$49,200 or 1.136 (rounded) (i.e. 113.6%).
- 2.6. "CPI Increase" shall mean the most recent published Consumer Price Index **[preceding] [as of]** the date of calculation divided by the Base CPI. By way of example only and solely for purposes of illustration, if the Developer conveyed the Property in July, 2002 to the first Qualified Purchaser and the most recent published Consumer Price Index **[preceding] [as of]** July, 2002 was 173.5 (the "Base CPI" for purposes of this illustration only) and if the most recent published Consumer Price Index **[preceding] [as of]** September, 2005 was 189.4 when an Owner proposed to sell the Property, the CPI Increase would be 189.4 divided by 173.6 or 1.091 (rounded) (i.e. 109.1%).
- 2.7. "Base Purchase Price" shall mean the gross purchase price paid to the Developer by the first Qualified Purchaser of the Property. The Base Purchase Price for this deed is \$\_\_\_\_\_.
- 2.8. "City" shall mean and have reference to the City of Charleston, a municipal corporation, duly organized and existing under the laws of South Carolina.
- 2.9. "Developer" shall mean and have reference to \_\_\_\_\_.
- 2.9. "Qualified Purchaser" shall mean and have reference to a proposed purchaser of the Property whose household income is between fifty percent (50%) and one hundred and twenty percent (120%) of Area Median Income as of the anticipated date of purchase of the Property by the Qualified Purchaser and who is certified in writing by the City as having the requisite income.
- 2.10. "Owner" shall mean and have reference to, at any particular point in time, the owner in fee simple of the Property, and the owner's heirs, successors and assigns. The Owner shall initially be the Developer, and shall subsequently be the Qualified Purchaser who purchases the Property from the Developer. Owner shall include any party that acquires fee simple ownership of the property by virtue of foreclosure of mortgage or deed of trust conveying the Property as security for an obligation or any transfer in lieu of such foreclosure.

- 2.11. "Property" shall mean and have reference to that certain tract or parcel of land conveyed by this deed, together with all improvements, fixtures and equipment located thereon.
- 2.12. "Resale Price" shall mean and have reference to (i) an amount determined as the product of the Base Purchase Price multiplied by the greater of the AMI Increase or the CPI Increase, or (ii) such higher amount as may be determined in accordance with Section 5 herein. By way of example and solely for purposes of illustration, if the Base Purchase Price were \$140,000 (solely for purposes of this illustration only) when the Developer transferred the Property to the first Qualified Purchaser in July, 2002 and the AMI Increase was 1.136 at the time of a proposed sale in September, 2005 and the CPI Increase was 1.091 at the time of a proposed sale in September, 2005 the Resale Price would be \$140,000 times 1.136 (i.e. 113.6%) or \$159,040.
- 2.13. "City Subsidy" shall mean \$\_\_\_\_\_
- 2.14. "City Subsidy Percentage" shall mean the City Subsidy divided by the Base Purchase Price. By way of example only and solely for purposes of illustration, if the Base Purchase Price were \$140,000 and the City Subsidy were \$21,000, the City Subsidy Percentage would be \$21,000 divided by \$140,000 or 15%.
- 2.15. "Lien Limitation Percentage" shall mean 100% minus the City Subsidy Percentage. By way of example only and solely for purposes of illustration, if the City Subsidy Percentage were 15%, the Lien Limitation Percentage would be 85%.
- 2.16. "Lien Limit" shall mean the amount that equal the Lien Limitation Percentage times the Resale Price as calculated by the City immediately prior to the execution of the mortgage. By way of example and solely for the purposes of illustration, if the Owner wanted to mortgage the Property in September, 2005 and the Resale Price in September, 2005 were \$159,040, the City Subsidy Percentage were 15%, the Lien Limitation Percentage were 85% , then the Lien Limit would be \$159,040 times 85% or \$135,184.
- 2.17. "Adjusted City Subsidy" shall mean the City Subsidy Percentage times the Resale Price as calculated at the time of determining the Adjusted City Subsidy. By way of example and solely for purposes of illustration, if the Resale Price in September, 2005 were \$159,040 and the City Subsidy Percentage were 15%, the Adjusted City Subsidy in September, 2005 would be \$159,400 times 15% or \$23,910.
- 2.18. "Non-City Share of the Resale Price" shall mean the Resale Price as calculated at the time of determining the Non-City Share of Resale Price minus the Adjusted City Subsidy. By way of example and solely for purposes of illustration, if the

Resale Price were \$159,040 and the Adjusted City Subsidy were \$23,910 in September, 2005, the Non-City Share of Resale Price would be \$159,040 minus \$23,910 or \$135,130. In the event the Property is sold to the City for the Default Option Price, the Non-City Share of the Resale Price shall mean the Default Option Price minus the Adjusted City Subsidy. By way of example and solely for purposes of illustration, if the Resale Price were \$159,040 and the Adjusted City Subsidy were \$23,910 in September, 2005 and the Default Option Price applied, the Non-City Share of the Resale Price would be \$159,040 times 80% or \$127,232 minus \$23,910 or \$103,322.

- 2.18. "Default Option Price" shall mean 80% of the Resale Price as calculated at the time of the City's written notice of default under Section 13.1. By way of example and solely for the purposes of illustration, if the City gave notice of default in September, 2005 and the Resale Price were \$159,040 at that time, the Default Option Price would be \$159,040 times 80% or \$127,232.
- 2.19. "Option Term" shall mean 90 years from the date of the deed from the Developer to the first Qualified Purchaser. All provisions relating to the City's Right of First Refusal and the City's right to purchase the Property for the Default Option Price shall automatically terminate upon the expiration of the Option Term. If the South Carolina Uniform Statutory Rule Against Perpetuities (Section 27-6-10 et seq., Code of Laws Of South Carolina, 1976, as amended) is amended, the Option Term shall automatically be modified to the longest period authorized by South Carolina law.
- 2.20. "Qualified Renter" shall mean and have reference to a proposed renter of the Property whose household income does not exceed eighty percent (80%) of Area Median Income and who is certified by the City as having the requisite income for the applicable household size.
- 2.21. "Qualified Rent" shall mean the monthly rent approved by the City as affordable rent in accordance with applicable federal guidelines.
- 2.22. "Qualified Lease" means a written lease approved by the City from the Owner to a Qualified Renter for a Qualified Rent. The lease must be for a term approved by the City and must include periodic recertification by the City of the income of the tenant, if the lease is for more than 12 months to insure that the tenant continues to be a Qualified Renter.
- 2.23. "City Transfer Certificate" shall mean the written certification to be provided by the City in connection with each transfer of the Property and each granting of a mortgage on the Property. In the event of a transfer, the City Transfer Certificate shall be in a recordable form and shall state the maximum Resale Price as of the date of the specific transfer, the names of the approved Qualified Purchaser(s), the amount of the Adjusted City Subsidy, the amount of the Non-City Share of the

Resale Price, each as of the date of the particular transfer and the City's waiver of its right of first refusal. In the event of a mortgage, the City Transfer Certificate shall be in a recordable form and shall state the amount of the Resale Price as of the date of the mortgage, the Lien Limit Percentage, the Lien Limit as of the date of the mortgage, the City Subsidy Percentage, the Adjusted City Subsidy as of the date of the mortgage, together with the City's approval of the new mortgage. In the event that the City has given a one time waiver of any requirements in accordance with the procedures set forth in these Restrictive Covenants, the City Transfer Certificate shall set forth the existence and terms of such waiver. If there is a change in any address listed in Section 16 for notice to the City, the City Transfer Certificate shall provide the new address. An illustration of a City Transfer Certificate based on theoretical facts is attached as an exhibit to these Restrictive Covenants

- 2.24. "Taxes" means ad valorem taxes on the Property, together with all fees, assessments, penalties and accrued interest charged against the Property or owed by the Owner by reason of its ownership of the Property.
- 2.25. "City Maintenance Lien" shall have the meaning ascribed in Section 9.
- 2.26. "City Tax Lien" shall have the meaning ascribed in Section 10.
- 2.27. "City Lease Lien" shall have the meaning ascribed in Section 13.2.
- 3. City Subsidy. The City has made an investment in the Property equal to the City Subsidy and the City has agreed that each successive Owner of the Property shall have the benefit of the Adjusted City Subsidy for so long as these Restrictive Covenants remain in effect.
  - 3.1. City's Equitable Interest in the Property. Each Owner covenants and agrees that the City has an equitable interest in the Property equal to the Adjusted City Subsidy. Each Owner covenants and agrees that the portion of any Resale Price as equals the Adjusted City Subsidy Amount belongs to the City and that the Owner's interest in the Resale Price is limited to the Non-City Share of the Resale Price. If these Restrictive Covenants are terminated for any reason, the City shall be entitled to receive payment in full of the Adjusted City Subsidy within thirty (30) days of such termination.
  - 3.2. Transfer and Mortgage Procedures. All transfers of, and all mortgages on, the Property shall be made in accordance with these Restrictive Covenants.
    - (A) In the event that an Owner wishes to transfer or mortgage the Property, the Owner shall provide written notice of such proposed transfer or mortgage to the City. Such written notice shall request assistance from the City to identify potential Qualified Purchasers and shall request the City to calculate the maximum Resale Price, if a transfer and shall request the City to calculate the current Lien Limit, if a mortgage. (*See the*

*illustration contained in the definition of Resale Price contained in Section 2.10)* The Owner may transfer the Property for less than the Resale Price but a lower purchase price will not change the amount of the Adjusted City Subsidy. The Owner agrees that it will not mortgage the Property unless there is a monthly escrow for insurance and taxes that is reasonably acceptable to the City.

- (B) Each Owner covenants and agrees that no transfer of the Property shall take place and no mortgage of the Property shall be granted unless it is in conformance with these Restrictive Covenants and unless the City has delivered a City Transfer Certificate. Each Owner agrees to record the City Transfer Certificate with the transferring deed and with any mortgage.
- (C) The aggregate proceeds that the Owner and its mortgagees may receive, and the maximum amount that a Qualified Purchaser may pay, upon the transfer of the Property shall be limited to the lesser of (i) the Non-City Share of the Resale Price and (ii) the purchase price minus the Adjusted City Subsidy. By way of example and solely for purposes of illustration, if the Resale Price were \$159,040 and the Adjusted City Subsidy were \$23,910, the Qualifying Purchaser would pay \$135,130 and the maximum amount that would be available to pay closing costs, to satisfy any mortgages or other outstanding liens and to pay the selling Owner would be the Non-City Share of the Resale Price or \$135,130.

3.3. City Subsidy Lien. The City shall have a continuing lien against the Property in the amount of the Adjusted City Subsidy which lien shall survive the foreclosure of any mortgage or other lien on the Property and shall survive any other transfers of the Property.

4. Resale Only to Qualified Purchasers. Each Owner covenants and agrees that the Property shall be sold, transferred and conveyed only to such individual, party, or entity as described in this paragraph.

4.1. Qualified Purchasers. The Property shall be conveyed only to Qualified Purchasers who are certified by the City in accordance with subparagraph 4.4 (City Certification) or to such persons, parties or entities who are deemed Qualified Purchasers in accordance with subparagraphs 4.2 (Inheritance), 4.3 (Foreclosure), or 4.5 (City Waiver) of this paragraph or in accordance with Paragraph 6 (City Right of First Refusal).

4.2. Inheritance. A transfer that occurs by virtue of the death of an Owner, and testate or intestate administration of the estate of the Owner shall be deemed a transfer to a Qualified Purchaser.

- 4.3. Foreclosure. A transfer that occurs by virtue of foreclosure of a mortgage encumbering the Property or a transfer that occurs by reason of a deed in lieu of foreclosure shall be deemed to be a transfer to a Qualified Purchaser or a transfer by an institutional mortgagee that acquires the Property in foreclosure or by a deed in lieu of foreclosure.
- 4.4. City Certification. An Owner shall submit, or cause to be submitted, to the City for certification as a Qualified Purchaser, any proposed purchaser of the Property. An Owner shall transfer the Property only to a purchaser who has been certified by the City as a Qualified Purchaser in a City Transfer Certificate. The City shall not decline, refuse or fail to certify as a Qualified Purchaser any potential purchaser of the Property except on the sole ground that the City is unable to verify that the income of such proposed purchaser is within the income limits required of a Qualified Purchaser.
- 4.5. City Waiver. The City shall have the right to waive, in its sole discretion, the requirement for a specific purchaser that the purchaser be a Qualified Purchaser. A waiver shall apply to only one transfer and shall not apply to subsequent transfers. Upon receipt of a City Transfer Certificate that contains the written waiver from the City, the specific purchaser shall be deemed to be a Qualified Purchaser.
5. Resale Price. No Owner shall transfer the Property for an amount in excess of the Resale Price. The gross proceeds payable to the Owner on the transfer of the Property shall be limited to the lesser of (i) the Non-City Share of the Resale Price and (ii) the purchase price minus the Adjusted City Subsidy.
- 5.1. Adjustment to Resale Price. The Resale Price may be adjusted upward by the City to a higher amount if the City determines in its sole discretion that the nature and circumstances of the Owner, and the nature and condition of the Property, warrant such a higher amount and that such higher amount will not preclude the ability to certify a potential purchaser as a Qualified Purchaser. The determination of any such upward adjustment in the Resale Price shall be in the sole discretion of the City which may elect to refuse to increase the Resale Price for any reason.
- 5.2. Documentation of Adjustment. No increase in the Resale Price shall be permitted or authorized unless the basis for the increase, and the amount of the Resale Price as adjusted, is set forth in the City Transfer Certificate. Such an increase to the Resale Price shall apply only for a period of 12 months from the date of the City Transfer Certificate and shall not apply to subsequent transfers.
6. Right of First Refusal. In the event that an Owner shall receive an offer to purchase the Property from a Qualified Purchaser or a person who is deemed to be a Qualified Purchaser pursuant to Section 4 for an amount equal to or less than the Resale Price

which is acceptable to the Owner (the “Offer”), the City shall have a right to purchase the Property from the Owner for the price set forth in the Offer (the “Right of First Refusal”). Upon the receipt of an Offer, the Owner shall promptly forward a copy of the Offer to the City. In the event that the City elects to exercise the Right of First Refusal, the City shall give written notice thereof to the Owner within sixty (60) days of the City’s receipt of the Offer and the closing of such purchase shall occur no later than ninety (90) days following the City’s receipt of the Offer. In such circumstances, the sale and transfer of the Property to the City shall be subject to all other provisions of these Restrictive Covenants, and the City shall be deemed to be a Qualified Purchaser. In the event that the City does not exercise its Right of First Refusal within the time periods set forth above, the City Transfer Certificate shall include a waiver of the City’s Right of First Refusal. This Right of First Refusal shall be a continuing right that applies to each proposed transfer of the Property. This Right of First Refusal shall automatically terminate upon the expiration of the Option Term.

7. Single Family Use and Leases. The Owner covenants and agrees that the Property shall be used and occupied solely as an Owner occupied, single family residential dwelling. The Owner shall not lease, nor permit to be leased, the Property, except as expressly authorized by this Section 7.
  - 7.1. City Inspection. The City shall have the right to inspect the Property from time to time to insure compliance with these Restrictive Covenants. The Owner shall furnish the City upon request with copies of paid Tax receipts, insurance policies, termite bonds and other documents required by these Restrictive Covenants.
  - 7.2. Obligation to Sell. If an Owner ceases to occupy the Property, the Owner agrees to give prompt written notice to the City that the Property is no longer Owner occupied and the Owner agrees to sell the Property to a Qualified Purchaser for the Resale Price. The Owner agrees to actively list and market the Property and agrees that the City and its agents shall be entitled to show the Property to prospective purchasers at reasonable times of the day upon 24 hours notice.
  - 7.3. Obligation to Rent to Qualified Renter. If an Owner ceases to occupy the Property, the Property may be occupied only by a Qualified Renter pursuant to a Qualified Lease for a Qualified Rent during the period of time that the Property is being marketed for resale to a Qualified Purchaser.
8. Lien Limit. The equity in the Property represented by the Adjusted City Subsidy shall not be mortgaged or otherwise encumbered by the Owner. The Owner agrees that the aggregate liens on the Property shall not exceed the Lien Limit. The Lien Limit includes any City Tax Lien, City Lease Lien and City Maintenance Lien but does not include the City’s lien for the Adjusted City Subsidy. The Owner agrees that City shall have the right to review any proposed mortgage or other encumbrance on the Property and that no lien shall be placed on the Property unless the City delivers a City Transfer Certificate



approving such lien. The City may in the exercise of its sole discretion authorize a higher level of encumbrances on the Property in the City Transfer Certificate. Any lien amount waiver by the City shall apply only to the current level of indebtedness of the existing encumbrances and shall not apply to any new obligations, judgments or debts.

9. Maintenance and Insurance Obligations. The exterior appearance of the Property shall be maintained in an attractive and orderly condition and shall be kept free from trash, salvage, junk cars, rubbish, garbage, and other unsightly or offensive material. The buildings now or hereafter located on the said premises shall be maintained in an attractive and sound condition and repairs as necessary to prevent damage to the building(s) or any part thereof shall be made promptly. The Owner shall maintain flood insurance and "All Risk" insurance on the Property for the lesser of the replacement value and its insurable value. All insurance policies shall name the City as an additional insured. The Owner shall maintain a current termite bond on the Property. In the event that the Owner shall breach the obligations contained in this Section, the City shall have the right (but not the obligation) to enter the property to make repairs, to remove material and to otherwise correct the Owner's breaches and the City shall have the right (but not the obligation) to purchase such insurance and terminate bonds as are required by these Restrictive Covenants. The Owner shall promptly reimburse the City upon written demand for the costs incurred by the City to correct the Owner's breaches under this Section and the City shall have a continuing lien against the Property in the amount of such costs until paid in full which is separate and distinct from the City's lien for the Adjusted City Subsidy ("City Maintenance Lien").
10. Payment of Taxes. The Owner shall promptly pay each year the Taxes on the Property and shall deliver a copy of the paid receipt for such Taxes to the City within 30 days of payment. In order to protect the City's equitable interest in the Property, the City shall have the right (but not the obligation) to pay any delinquent Taxes on the Property and in such event, the Owner shall promptly reimburse the City for such Taxes upon written demand of the City. The City shall have a continuing lien against the Property for the amount of such Taxes paid by the City which is separate and distinct from the City's lien for the Adjusted City Subsidy ("City Tax Lien").
11. No Subdivision. Without the prior express written consent of the City, the Property shall not be subdivided, nor converted to any form of horizontal property regime, nor any portion less than all the Property be conveyed, nor shall any form of interval ownership of or time sharing of the Property be permitted.
12. Prevention of Heirs Property. The Owner shall maintain a current last Will and Testament and will use reasonable efforts to prevent the Property from transferring upon the Owner's death pursuant to the laws of intestacy.
13. Enforcement of Covenants. The Developer and each Owner hereby acknowledge and agree that the covenants, conditions and restrictions set forth herein are imposed for the benefit of the City of Charleston, and that the City has interests in real property and

social, cultural and economic interests that benefit from the imposition of these covenants and restrictions. The benefits of these covenants, conditions and restrictions run with the Property, and bind and burden the Property. These Restrictive Covenants shall be enforceable by the City. The Developer and each Owner further acknowledge and agree that a breach of the covenants, conditions, and restrictions set forth herein shall potentially result in a broad range of economic, social, cultural and residential damages to a large number of parties, that such damages are difficult if not impossible to determine, and that the City shall be entitled to seek such remedies as may be available at law or in equity including but not limited to injunctive relief and specific performance. The City shall be entitled to recover reasonable attorney fees and costs from the Owner in the event of a breach by the Owner of these Restrictive Covenants.

13.1. Default Option Price. During the Option Term and as an additional remedy in the event of an Owner's breach of these Restrictive Covenants, the City shall have the right to purchase the Property for the Default Option Price from the then current Owner:

- (A) if a selling Owner sells the Property to a purchaser who is not a Qualified Purchaser or who is not deemed to be a Qualified Purchaser under the provisions of these Restrictive Covenants; or
- (B) if a selling Owner sells the Property for a purchase price in excess the Resale Price and the City has not agreed in writing to an increased purchase price pursuant to Section 5.

If the City purchases the Property for the Default Option Price, the then current Owner will be required to sell the Property to the City for a purchase price that is less than the price such Owner paid for the Property. The City shall have no obligation to the current Owner or its mortgagee to provide legal assistance in seeking redress against an Owner whose breach resulted in the City's exercising its right to purchase the Property at the Default Option Price. Purchasers and mortgagees can protect themselves from the losses resulting from the City's purchase at the Default Option Price by requiring a City Transfer Certificate as a condition of a sale or of a mortgage.

13.2. Unauthorized Leasing. In the event that the Owner leases the Property pursuant to a lease that is not a Qualified Lease, or leases the Property to someone who is not a Qualified Renter, or receives rent in excess of the Qualified Rent, the City shall have the remedies provided by this Section, in addition to any other remedies provided by law or equity. In the event that the Owner receives rent from a person who is not a Qualified Renter, or receives rent that is not Qualified Rent or receives rent pursuant to any lease other than a Qualified Lease, the Owner shall promptly remit all such unauthorized rent to the City upon written demand. The City shall have a lien against the Property in the amount of such unauthorized rent ("City Lease Lien"). In the event that the Owner leases the

Property to a person who is not a Qualified Renter, the Owner shall cause such person to vacate the Property within ten (10) days of written notice from the City.

- 13.3. City Liens. In addition to any other remedies provided by law or equity for the breach of these Restrictive Covenants, the City shall have the right to foreclose on a City Tax Lien, a City Lease Lien and a City Maintenance Lien in the event that the Owner fails to reimburse the City within sixty (60) days of written notice from the City. In such foreclosure action, the City shall be entitled to add to the amount of the liens, and to recover, its reasonable attorney fees and the costs of such a foreclosure action. All City Tax Liens, City Lease Liens and City Maintenance Liens shall be subordinate to any mortgage approved by the City in a City Transfer Certificate. If the Owner and the City mutually agree, the Owner and the City can elect to modify these Restrictive Covenants to add the amount of any outstanding City Tax Lien, City Lease Lien and/or City Maintenance Lien to the amount of the Adjusted City Subsidy; any such amendment must be in compliance with Section 14 (Duration and Amendment) and neither party has any obligation to consent to such an amendment.
14. Duration and Amendment. This Restrictive Covenants shall bind all persons claiming any interest in the Property and run with the land for a period of ninety (90) years from the date of recording, after which time these Restrictive Covenants shall be automatically extended for successive periods of ten (10) years unless amended as provided in this Section. These Restrictive Covenants may be amended only by a writing executed by both the then current Owner and the City which is filed in the land records office of the County where the Property is located.
15. Severability. Whenever possible, each provision of these Restrictive Covenants shall be interpreted in such manner as to be effective and valid, but if the application of any provision of these Restrictive Covenants shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of these Restrictive Covenants are declared to be severable. Notwithstanding anything contained herein to the contrary, if any of provision of these Restrictive Covenants shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until ninety (90) years from the date of first recordation.
16. Notices. Any written notice, required by these Restrictive Covenants shall be in writing, and shall be delivered either (i) in person, or (ii) by first-class, certified mail, return receipt requested, postage prepaid, or (iii) by Federal Express (or other nationally recognized overnight courier), return receipt requested, with postage or delivery charge prepaid. If the notice is to the Owner, it shall be addressed to the Owner at the street mailing address for the Property. If the notice is to the City, it shall be addressed to the City at the three addresses set forth below, or as corrected in the last recorded City Transfer Certificate. In addition, either party may designate another address by notice to

the other. Any notice shall be deemed to be given to and received by the other party on the date of delivery if personally delivered, and two (2) days after the date of mailing if mailed as described above, and one (1) day after it was placed with the overnight courier as described above. Notice to the City shall be complete only after City Hall, the Housing Director (or the equivalent successor) and Corporation Counsel have each received delivery of the notice:

The City of Charleston  
Attention: Clerk of Council  
City Hall  
80 Broad Street  
Charleston, SC 29401

Copy to:       The City of Charleston  
                  Department of Housing and Community Development  
                  75 Calhoun Street, Division 616  
                  Charleston, SC 29401-3506

City of Charleston  
Attention: Corporation Counsel  
Legal Department  
80 Broad Street  
Charleston, SC 29401

**EXHIBIT**  
**TO**  
**SINGLE FAMILY AFFORDABLE HOUSING RESTRICTIVE COVENANTS**

**Example of City Transfer Certificate**  
**(This is an illustration of a City Transfer Certificate based on theoretical facts and is provided solely for purposes of illustration)**

STATE OF SOUTH CAROLINA	)	CITY TRANSFER CERTIFICATE
	)	FOR SINGLE FAMILY
COUNTY OF CHARLESTON	)	AFFORDABLE HOUSING
Property		<i>25 ABC Street Charleston SC TMS 123-00-00-456</i>
Current Owners		<i>Richard and Susan Jones</i>
First Deed		<i>Recorded in Book ___, Page ___ and dated July 5, 2002</i>
Base Purchase Price		<i>\$140,000</i>
AMI Increase		<i>113.6% from July 5, 2002 to September 15, 2005</i>
CPI Increase		<i>109.1% from July 5, 2002 to September 15, 2005</i>
Resale Price		<i>\$159,040 as of September 15, 2005</i>
City Subsidy		<i>\$21,000</i>
City Subsidy Percentage		<i>15%</i>
Adjusted City Subsidy Amount		<i>\$23,910 as of September 15, 2005</i>
Non-City Share of Resale Price		<i>\$135,130 as of September 14, 2005</i>
Lien Limitation Percentage		<i>85%</i>
Lien Limit		<i>\$135,184 as of September 15, 2005</i>

The City approves the transfer of the Property for \$159,040 to John and Mary Smith as Qualified Purchasers; provided that the gross proceeds paid by the Qualified Purchasers (inclusive of any financing) do not exceed \$135,130. The City waives its right of first refusal to purchase the Property. The City approves the mortgaging of the Property to XYZ Savings & Loan to secure a loan in the amount of \$135,184.

Date: September 15, 2005

City of Charleston Department of Housing  
and Community Development

\_\_\_\_\_  
(first witness)

BY: \_\_\_\_\_  
Housing Development Officer

\_\_\_\_\_  
(second witness)

STATE OF SOUTH CAROLINA	)	
	)	ACKNOWLEDGMENT
COUNTY OF CHARLESTON	)	

I, the undersigned Notary Public, do hereby certify that \_\_\_\_\_, a Housing Development Officer for the City of Charleston Department of Housing and Community Development, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the \_\_\_\_ day of \_\_\_\_\_, 2005.

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Notary Public For South Carolina  
My Commission Expires